



Office of the
Healthcare
Advocate
STATE OF CONNECTICUT

**Testimony of Victoria Veltri
State Healthcare Advocate
Before the Insurance and Real Estate Committee
In support of HB 5487
March 13, 2012**

Good afternoon, Representative Megna, Senator Crisco, Senator Kelly, Representative Sampson, and members of the Insurance and Real Estate Committee. For the record, I am Vicki Veltri, State Healthcare Advocate with the Office Healthcare Advocate ("OHA"). OHA is an independent state agency with a three-fold mission: assuring managed care consumers have access to medically necessary healthcare; educating consumers about their rights and responsibilities under health insurance plans; and, informing you of problems consumers are facing in accessing care and proposing solutions to those problems.

House Bill 5487 represents an important step in the development of a comprehensive, accessible, affordable and sustainable healthcare option for Connecticut's small business owners. Historically, small employers seeking to provide health insurance to their employees had no option but to accept the premium rates offered by carriers, and had little or no power to negotiate those rates. This has resulted in rapidly increasing costs for those owners who do offer this vital benefit while, at the same time, a marked decrease in the number of small employers that could afford to do so. HB 5487, by

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permitting small businesses to enroll in the state employee benefit plan, more than 820,000 Connecticut residents working for business of less than 50 employees will have access to affordable health insurance.

By increasing access to quality healthcare, Connecticut's small businesses can become more competitive by attracting and retaining quality employees. Indeed, an important component of this bill involves the adoption of community rating principles, eliminating age, gender, industry, group size and estimated carrier savings as factors which may be accounted for in premium calculation. This is critical because it will provide a measure of stability and continuity of costs over time for small employers, and encourages the retention of a skilled and diverse work force. Historically, insurers used certain rating factors to calculate premiums for this population, effectively shifting the cost of each member's healthcare to the group. Community rating principles, long supported by the National Association of Insurance Commissioners, equalize healthcare costs in these plans and increase the availability of practical and affordable options for small businesses.

There are nearly 500,000 employees in Connecticut business with less than 10 employees, 60% of all employees in business of 50 or less, and this group has traditionally lacked any power to negotiate with any of the four carriers offering small group plans. By pooling this group with the state plan, HB 5487 ensures that there will be equity across the plan offerings. Of equal importance is the quality of care that employees will have access to. Currently, 47% of small employers that offer insurance to their employees do so at an actuarial value of less than 60%, below the Bronze level required by PPACA. HB 5487 will correct this deficiency, enhance each employee's access to comprehensive, quality care at a lower cost to the employer by taking advantage of the massive state employee healthcare pool.

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By guaranteeing participation in the pool for employers who will insure all of their employees, small businesses gain a measure of security and an ability to accurately predict ongoing expenses, permitting them to apply those resources previously set aside for future premiums and unknown increases to business development and innovation. The inclusion of provisions that enable the Comptroller to identify and deny applications those small employers that may be shifting a disproportionate amount of risk into this pool preserves the integrity of the risk pool for all participants, employers and carriers alike.

Section 12 of HB 5487 requires that carriers inform members of the actuarial value of their plan. This provision is a critical consumer protection. The provision ensures that members have appropriate information to ensure that their health plan meets complies with the minimum requirements of PPACA. It also allows policyholders a reasonable means of estimating what their expected costs may be, allowing them to choose their employer's plan or to enroll in an exchange plan that might provide better coverage or lower cost sharing.

Connecticut's small businesses employ nearly 30% of the citizens in the state but have long struggled to balance the costs of providing healthcare to their employees with growing their business. HB 5487 paves the way to personal and financial freedom for both employees and small businesses alike and I urge that you support this long overdue bill.

Thank you for providing me the opportunity to deliver OHA's testimony today. If you have any questions concerning my testimony, please feel free to contact me at victoria.veltri@ct.gov.

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